3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

been suspended by the Dollfuss Government and the country was on the verge of civil war. The Government's harsh and ill-considered decision to turn artillery on to the workers' dwellings may have cut short the conflict and suffering, but it was a final betrayal of democracy that no considerations of expediency can excuse.

In spite of the serious internal difficulties, it was in the end to external force that the Austrian Republic succumbed. On the 11th of March 1938 Hitler sent an ultimatum to Dr. Schuschnigg, the Chancellor. Within a few hours German troops had occupied the country and the *Anschluss* was a fact. The Austrian political parties have accused each other of preparing the way for this tragedy, but there were deep-lying causes for the growth of National Socialism and Fascism that were beyond their power to prevent. In the diplomatic circumstances of the time, even had Austria been a model democracy, it would have had no more chance of withstanding Hitler than had the courage, patriotism, and democratic example of the Czechs. As the only German country outside the Reich, Austria was the first object of Hitler's ambition. The opening page of *Mein Kampf* contains the sentence: 'German-Austria must return to the great German Mother Country'.

In fact, by 1938 the attitude of Austrians towards union with Germany had changed considerably. Inside Austria nearly twenty years of enforced independence had inevitably left their mark: the people were acquiring a sense of pride in their achievement and hope for the future. Recent developments in Germany also had had a decisive effect.

Economically Austria had made important progress. In 1918 its position seemed hopeless. But the Austrian Government and people gradually accustomed themselves to the idea that their fate was in their own hands. By 1937 the country was producing three-quarters of its food. Valuable oil-fields had been discovered at Zistersdorf, north-east of Vienna, and oil production had risen from 73 tons in 1932 to 32,849 tons in 1938. The tourist industry had developed rapidly and covered over 80 per cent of the country's trade deficit. When the

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Anschluss took place, Austria already had a good chance of becoming a viable State.

Politically the main achievement had been in the field of social legislation. Nowhere in Europe did the Socialist ideal find more impressive realization than in the legislative programme initiated by Ferdinand Hanusch, the Austrian Secretary of Social Administration between 1918 and 1920, and in the housing schemes carried out between the Wars by the Vienna municipality under Social Democratic control. These improvements gave the young Republic something to be proud of, something, moreover, which was associated with the difficult present rather than with the glorious past, and which directed attention to the possibilities of the future. Another political event of importance was the appeal for financial help made to the Allies by the Christian Socialist Chancellor, Monsignor Seipel, which led to the appointment of the League of Nations Commissioner. He was accused of being a traitor by his opponents, but his action established an important precedent in international collaboration. It showed that it was possible to combine patriotism with the acceptance of international control, an innovation of great significance for a small State like Austria.

In culture and sport the period also brought great success. The triumphs of the Austrian football team, the Vienna State Opera, and the Salzburg Festival stirred the pride and enthusiasm of the harassed Austrian people.

Anton Wildgans' *Rede über Österreich*, which was written in 1929, reflected the development of Austrian patriotism and Austria's sense of identity as a State. This great speech was intended for a foreign audience. But it was also a noble expression of patriotic faith. Its enthusiastic reception in Austria was a clear indication that it summed up ideas that were germinating in many Austrian minds.

Austria's growing self-consciousness and sense of independence were stimulated by Hitler's rise to power. Austrian Socialists had been in favour of union with a Germany in which Socialism and democracy were strong, but they had no

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Hitler's phenomenal success and his massive histrionic displays had their effects on an impressionable people. But one year's close acquaintance with National Socialism was sufficient to break the spell.

Austria was renamed the *Ostmark*, and its interests were systematically subordinated to those of the *Reich*. The most important Austrian banks and industries were placed under German control. To most Austrians it was intolerable that Vienna should become a provincial city and each of the ancient provinces a *Gau* controlled from Berlin. The difference between Prussian totalitarianism and the Austrian spirit became clear as never before, and one Viennese spoke for many when he said it was only an accident that Germans and Austrians spoke the same tongue.

When the War ended, the disillusionment of the Austrian minority was complete. Six more years of Nazi domination had confirmed the impression of the first twelve months. Failure and disaster had discredited a movement which was built up on practical success.

More important was the transformation of the Austrian people as a whole. The change that started between the Wars was completed during the German occupation. By 1945 the name 'Austria', honoured by Hitler's disapproval, had gained a new significance. The Austrian people had acquired a will for independence. They had also learned much from their political experience and failures.

So when Austria was liberated by the Allied armies and the Second Austrian Republic was formed, the restored State faced the challenge of post-War problems in circumstances quite different from those in which the First Austrian Republic had confronted the problem of its existence after 1918.

Austria's difficulties in 1945 were formidable. Like most European countries, she suffered from War damage and economic dislocation. In her case were added the political and economic effects of seven years' subjection to Germany, during which there had been a complete break in administrative continuity, and industry and agriculture had been subordinated to

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Austria and International Co-operation

DURING the post-War struggle of the Austrian people there has been a steady growth in their patriotic sentiment and in Austria's consciousness of its identity as a State. The process began between the Wars, and was accentuated by the conflict with National Socialism that preceded the *Anschluss*. It continued during the German occupation, when the concentration camps and the Resistance Movement acted as breeding-grounds for Austrian patriotism. When the War and occupation ended, the exacting tasks that confronted Austrians gave a positive and constructive character to a development that had previously been more of a protest against something objectionable than a live faith in an accepted ideal. No Austrian Foreign Minister in the First Republic would have been likely to say what Dr. Gruber did in 1948, when he summed up the main purpose of Austria's external policy as 'the preservation of our way of life'.

To this developing State consciousness the fight for economic recovery made a great contribution. The low level to which the country's industrial production and food supplies had sunk in 1945 spurred on the Austrian people to a common effort to master the situation. The Marshall offer was a challenge as well as a great act of generosity. Just as the two main parties had agreed on the nationalization of certain industries in 1946, so later they worked together in conjunction with the Americans to use to the best advantage the unique opportunity for capital development presented by the European Recovery Programme. Ranshofen, VÖEST, the nitrogen works at Linz, and above all the great hydro-electric power projects were symbols of hope for the future. For the first time since the Republic was founded Austrians could make their economic plans in full confidence that they would be living in a viable

3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

State, when once their independence had been restored. If Austria's hopes of solvency were well-founded in 1937, the development of her oil-fields and hydro-electric power since then have placed their realization beyond all doubt, provided she is free to manage her own affairs.

Like the Nazi aggression before 1938 and the German occupation that followed, Russia's economic and political obstruction since the War has stimulated Austrian patriotism. Austria's courage and patience under great provocation, her Government's correct attitude towards the Soviet authorities, combined with insistence on its rights, have won general admiration. So her greatest disappointment since the War has, from the long-term point of view, been turned to her advantage, and has played its part in the harsh process by which the Republic has been welded into a unit.

Above all, the Coalition Government's record has had a decisive influence. Its problems have been exacting, in some cases insoluble, and it has been a difficult team to manage. Yet on the whole, in face of great difficulties, it can claim to have been one of the most stable and successful governments in post-War Europe. The contrast between political life in the First and Second Austrian Republics could scarcely be more marked. In the one case there was bitter rivalry, mutual intolerance, and frequent changes of government; in the other case co-operation, continuity, and a readiness to compromise for the common good. In eight years Austria has made great progress towards democratic maturity, and the lessons of the inter-War years have been well learned.

But their newly developed patriotism and self-confidence have left Austrians under no illusions. They are aware of their limitations, and they realize that political nationalism is out of date. The American journalist who described Dr. Figl as the successor of Don John of Austria, the last knight of Europe, who turned back the Turks in 1571, was read with a smile in Vienna. Austrians think that their main contribution to the world will always be cultural rather than political and will be based on the spirit, the intellect, and the preservation of

7: Marboe U-3 (no date) 1948 EK1 Austria EK1

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Valders.

But if one asks what, in view of its many contradictions, Tyrol really is, one is again confronted by something strange and mysterious. It is a fact that, looked at from outside—for instance from Salzburg or from Vorarlberg, Bavaria or Italy—Tyrol presents the picture of a close-knit unit. Is it the mountains which hold together the Province (which in all documents is referred to as the "Land in the Mountains" because it is entirely dominated by mountains and because from north to south the whole territory consists of mountainous country which never descends to the level of the plains)? Is it a gift conferred by the gods for good or ill fortune; is there some idea of sacred mountains behind the song which tells of the "Holy Province" of Tyrol? ...

The peculiarly pious devotion of the mountain dweller to his homeland and his liberty has done as much to create the feeling of unity as has the great history of Tyrol which people keep alive today in many customs and many forms.

341 THE ARTS. In Tyrol, art belongs to the soil. The supreme period of its architecture is reflected not only in venerable abbeys, stately mansions, churches and the houses of the nobility, but also in many a farm-house and its outbuildings, in wayside crucifixes, chapels and shrines.

Apart from the imposing buildings and monuments which served the interests of the aristocracy and the well-to-do citizens—the most important example of these is the Tomb of Maximilian beneath the lofty vault of the Hofkirche in Innsbruck—the simpler output of native craftsmen is often impressive and singularly moving as, for instance, that gem of art, the little rococo church in the dreamy hamlet of Gschnitz. Built in the spirit of devotion, its existence threatened on all sides—from avalanches and landslides from the mountain above, from the torrential river below in the valley—it seems amid the forces of nature to do honour to God in the Highest, man upon Earth, and to act as a gracious mediator between the two.

Stams; Cistercian Monastery.

532 The artistic sense of the people is most apparent in the national costumes and

production was in a chaotic state and could not absorb the men who came back from the army and from the munition industries. Unemployment, which had been at a level of about 46,000 in December, 1918, rose quickly to a peak of 186,000 (131,500 in Vienna) in May, 1919, at the very time when the Western democracies enjoyed a short-lived post-war boom. After that, unemployment decreased steadily until it reached its lowest level in November, 1921, when there were 8,709 unemployed on the register.

THE INFLATION

The extent of Austria's economic exhaustion after the last war has been deliberately described at some length so as to indicate the level from which reconstruction had to start. No doubt, it was a tremendous job. But, with the relief credits to help out in the first period of distress, it was surely not beyond the strength of the Austrian people to build up a working economy. The tens of thousands of workers who struck work in January, 1918, in order to finish the war, the soldiers who returned disgusted with the war and the old régime, the peasants who had more than enough of the constant military requisitioning, all combined to turn out the Emperor, practically without any bloodshed; and they now looked confidently to the new Republic to lay the foundations for a new life.

There was much enthusiasm here that could have been harnessed to a great crusade for the rebuilding of the nation's life. But it was the tragedy of the situation that the statesmen of the day, those of the right and those of the left alike, completely lacked the required conception of leadership. Instead of stimulating the patriotic and social aspirations of the masses and guiding them in the difficult tasks of reconstruction, the general attitude of the leading politicians, reared in a 50-million empire, was to profess

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•186 665 complete disbelief in Austria's ability to exist as an independent entity. The mistaken policy towards the national minorities in the past decades (mistakes that were shared by the German-speaking politicians of the right and the left alike) ruled out any close union with the Slav neighbours. The incorporation of Austria into Germany was therefore advocated as the only practicable solution.

"Our task was", wrote Dr. Otto Bauer, the leading figure in the Social Democratic Party and the Foreign Minister of the 1919 coalition government, "to convince the statesmen of the Entente that German Austria, if left to herself, was not capable of existence; that any attempt to form a confederation of the Succession States must be baffled by the opposition of Czechoslovakia and Yugoslavia; that union with Germany was therefore the only possible solution, and the only means of averting the complete economic collapse of German Austria and the violent social disorders and grave dangers of war which must ensue."

But the idea was not really popular.

"At the same time we had to carry on propaganda among our own people. If our appeal to the statesmen of the Entente was not to remain barren we must be able to show them that our struggle for union was based on the united conviction of the whole German Austrian people." 4/1

Propaganda of this kind was obviously not designed to rouse the spirits and unleash the energies of an exhausted population. A strong and democratic patriotism, which enabled the neighbouring Czechoslovakia—though admittedly under more favourable conditions—to re-establish her economic life with very little outside help, could hardly flourish in such an atmosphere of defeatism. How could one give allegiance to a country that could not possibly exist? There was much local patriotism—for

1 [SP. CAT. 116, P 34 — ANALYST]

9: Rothschild E-4, 5 (no date) 1947 EK1 Austria EK1

Vienna, for Tyrol, for Salzburg, for instance; but the cohesive force of a national conception was largely missing. Moreover, the provinces feared that an unproductive Vienna would hang like a deadweight on their economy and some of the western provinces tried to break away and to join Germany or Switzerland. In addition, the small but active Pan-German minority [5] tried to use the defeatism of the major political parties to further their own imperialist aims of a Greater Germany.

Perhaps inflation was unavoidable by the time the war ended. After all, inflations swept practically all central and eastern Europe. But the course of inflation in Austria was greatly influenced by the weakness of a government which did not believe in its own and its people's strength. This is clearly shown by the speech made by the Christian Socialist Chancellor Seipel before the Council of the League of Nations in 1922, when he tried to obtain financial help for Austria. The collapse of Austria, he said, would be "a serious blow to the Treaties of Peace, for it would afford a proof that the new Austria which they created is incapable of existence, either now or in the future". [6]

What, then, was the main sequence of the economic events of the period of inflation, and what was its significance for the further development of Austria's economy? [7]

The roots of the post-war inflation went back to the war years. The strong inflationary pressure inherited from the past would have been difficult to restrain whatever the post-war setting. Taking July, 1914, as 1, the circulation of banknotes in the Austrian-Hungarian Monarchy had risen to 13·17 in November, 1918, and the cost-of-living [8] to 16·40 in the same month.

The financial situation did not ease with the ending of hostilities. The delay in the arrival of relief supplies and

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The suspicions of 1918 against Austria as the centre of Habsburg power has given way to a feeling of common interest after the common experience of German oppression. Fourthly, the destruction of Germany's political and economic power will, for the first time, allow Austria to re-build and develop her economy freely and without the defeatist and destructive interference of German business and its Pan-German friends in Austria. Last but not least, Austria's prospects of recuperation are better than in 1918 because Austrians themselves have changed. The experience of twenty years—not very easy ones, to be sure—of an independent Austria and of the subsequent catastrophe of seven years of German occupation have cured them of such *Anschluss* ideas as they may have had. They are firmly determined to have their own independent country and to maintain its independence. A healthy and constructive Austrian nationalism has developed in place of the defeatism and lack of confidence of the inter-war period. The active part which many Austrians took in the liberation of their country, and the speed with which Austrians of all parties came together and formed a Provisional Government of national unity is a hopeful sign for the future. Austrians have started to learn to take their fate into their own hands and not to rely solely on foreign help for their salvation. This change of outlook, if it can be preserved and fostered, cannot but greatly assist the reconstruction of the country.

In spite of the extreme seriousness of the present position, then, the outlook for the transition period is quite hopeful. In the first stages a certain degree of foreign help for relief and rehabilitation is, of course, absolutely essential. But if it is given speedily, without the delays and political interference which were such an unfavourable feature of the Hoover Mission in 1919, and